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# CURRENT INTELLIGENCE WEEKLY SUMMARY



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**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY****WEEKLY REVIEW****LAOS**

Continued military reverses and the failure of efforts to negotiate with Souvanna Phouma appear to have shaken the resolve of the Boun Oum government in Vientiane. Government leaders, who had hoped the talks with Souvanna in Phnom Penh would lead toward a modus vivendi with the Pathet Lao, are now looking increasingly into proposals for some international action to resolve the Laotian crisis.

Reports of recent cabinet meetings held with King Savang in Vientiane to explore possible new moves toward a political solution indicate that the government has accepted the idea of a 14-nation international conference, as demanded by Souvanna and the Communists. Vientiane is also considering the idea of a commission to follow the conference and to be comprised of Cambodia, Burma, Malaya, India, Poland, and Canada--thereby merging the concepts of a neutral nations commission and the International Control Commission (ICC).

Souvanna, who left New Delhi for Cairo on 22 March, after earlier visiting Rangoon, has been pressing hard for support of the proposal to convene a 14-nation conference. In Burma, he won U Nu's agreement to participate in such a conference. Preliminary reports of his talks in India do not reveal Nehru's attitude on the timing of an international conference, but both parties reiterated their view on the need for reactivating the ICC for Laos as the first step to bring

about a cease-fire. Souvanna says that when he reaches Paris on 24 March he will contact the two Geneva co-chairmen--Britain and the USSR--on this matter. Souvanna favors Moscow's proposal for convening the ICC in New Delhi as a preparatory step to a conference.

Souvanna's departure from Phnom Penh was denounced in a communiqué issued by the Boun Oum government, blaming him for the failure of the talks with the Vientiane delegation and refuting his claim to head the "legal" Laotian government. The communiqué advised that any official welcome given Souvanna during his tour would be considered an inimical gesture by Vientiane. The Boun Oum government is particularly concerned that Souvanna might be officially received in France.

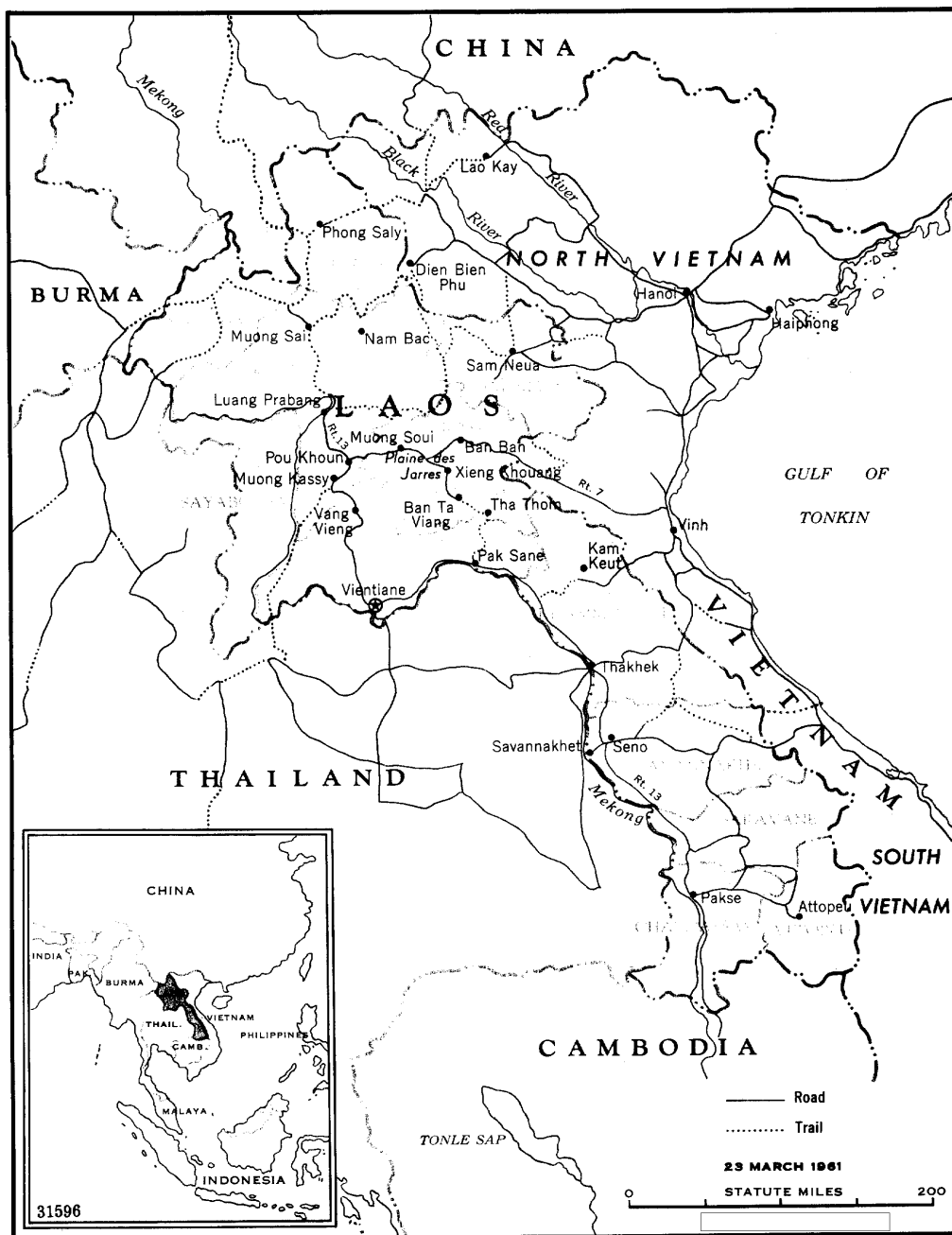
Government forces in blocking positions along Route 13, about 25 miles south of Luang Prabang and 15 miles north of Vang Vieng, have so far held against probing attacks. These positions, however, are vulnerable to flanking movements, particularly by guerrillas in the area, and the morale of government troops remains low. The unwillingness of the Vientiane forces to take the offensive is permitting enemy troops to consolidate their gains despite indications that they may have overextended their supply lines in fighting on widely separated fronts.

Phoumi's plans to stiffen defenses with a shift of commanders on the Vang Vieng front

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have been disrupted as a result of new Pathet Lao attacks in central Laos, where enemy troops captured the town of Kam Keut and a nearby outpost in Khammouane Province. Although there are few details of this action, it may be aimed at further isolating the capital areas from the south. In southern Xieng Khouang Province, government troops have completed their withdrawal to Tha Thom; however, the efforts of Kong Le - Pathet Lao forces against these troops are being hampered by Meo guerrilla bands operating in the enemy's rear area.

Developments in Laos are causing increased concern in other Southeast Asian capitals. Prince Sihanouk in Cambodia is increasingly pessimistic over chances of achieving a truly neutral Laos, believing the trend is toward Communist military dominance and that a leftist neutrality is the best that can be hoped for.

Marshal Sarit in Thailand has again called for effective SEATO action.

The meeting of the Warsaw Pact's Political Consultative Committee announced for 28 March will provide a forum for discussion of a wide range of political matters and will probably also be used to demonstrate bloc solidarity in the wake of the current meeting in Bangkok of SEATO military advisers. Moscow may feel that the Laotian situation is moving into a new and decisive phase requiring coordination of future bloc action. The meeting will present an opportunity for counterstatements in answer to any communiqué which may be forthcoming from the SEATO Council of Ministers' meeting in Bangkok, which begins on 27 March.

Moscow propaganda continues to denounce US aid to the Boun Oum regime. A TASS commentary of 18 March said it was noteworthy that the State Department announced its intention to increase military aid immediately after the collapse of Souvanna Phouma's talks with the "rebel camp."

A North Vietnamese Foreign Ministry spokesman on 18 March charged that the US has "decided to double its military personnel in Laos" and warned that Hanoi considers it necessary to "take measures to put an end to US intervention." His statement reiterated Hanoi's call for an international conference but omitted any reference to reactivation of the ICC.

**CONGO**

The Congolese leaders in Leopoldville--President Kasavubu, Premier-designate Ileo, and General Mobutu--are apparently in unanimous agreement that UN forces should not be

permitted to return to the port of Matadi, although they seem willing to allow the entry of civilian UN personnel and the unloading of nonmilitary cargoes. The UN Command is

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maintaining its conciliatory posture, and acting UN representative Makki Abbas, who is popular with the Congolese, is making a considerable effort to gain their support.

Nevertheless, the Congolese leaders are nervous over the increase of UN strength in the Leopoldville area. Some 500 Indian combat troops have arrived by air, and several thousand additional troops are due to arrive by sea next month.

Concern in Leopoldville may become more acute as a result of press reports that Rajeshwar Dayal is to return as UN representative. Hammarskjold apparently expects that Dayal will return to the Congo for a short period in April but will leave about 1 May, but the UN secretary general told Ambassador Stevenson on 20 March that he had not yet discussed the subject with Dayal.

UN officials have acknowledged that they are still withholding budgetary support from the Leopoldville government, which is on the verge of bankruptcy. This has been a major bone of contention in Leopoldville since Dayal, apparently in order to avoid even an appearance of recognizing the Leopoldville regime, made the decision last December.

Several Congolese leaders are applying pressure on the UN Command to withdraw from the Congo, claiming that the recently concluded understanding at Tananarive destroys the need for the UN military presence. However, almost every participant in the conference has a different idea as to what was decided.

Many of the leaders fail to realize the need for obtaining international recognition, and prospects for a reconciliation with the Gizenga regime in Stanleyville on the basis of the new confederal formula have dimmed as a result of new and seemingly more categorical denunciations by authorities there. Ghana and the Sino-Soviet bloc hold that Kasavubu has abdicated his claim to international recognition as President of the Congo because of his agreement to a new confederal state.

To discuss the details of the confederal scheme, Katanga's Tshombé wants a meeting held at Kamina on 5 April, to be followed by one on 15 April at Elisabethville. However, such meetings are unlikely to result in agreement on a detailed plan.

Tshombé left Elisabethville on 23 March for a trip which reportedly will include stops at Leopoldville, Brazzaville, Abidjan, and Monrovia. In Leopoldville, he apparently will push his plans for a further round of conferences, and in his travels elsewhere in Africa he hopes to obtain support for his concept of a Congo confederation.

Tshombé plans to attend the conference of independent African states tentatively scheduled for early April in Monrovia. He reportedly believes that if he can gain the confidence of Liberia's President Tubman, he will have the support of the African leader best able to influence US policy and can thereby counteract what he considers the unsympathetic American official attitude toward Katanga.

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In Katanga a program of recruiting South Africans for service with Tshombé's forces is reportedly well under way. According to the UN representative there, about 70 recruits have arrived so far, apparently as replacements for a European "white legion," some members of which have been reassigned to Katangan units, while others have withdrawn. Other recruiters in South Africa reportedly signed up pilots and ground crews for the jet aircraft which were shipped into Katanga last month but have yet to be assembled.

eral Assembly debate on the Congo with a strong denunciation of Hammarskjold as a "stooge of the colonialists," and of the Western powers, which he said control the UN machinery in the Congo. He again called for Hammarskjold's removal from the post of secretary general as an "accomplice and organizer" of the murder of Patrice Lumumba.

Gromyko repeated Moscow's demands of 14 February for withdrawal of all Belgian personnel from the Congo, termination of the UN Congo operation within one month and evacuation of foreign military forces, arrest and trial of Tshombé and Mobutu and the disarming of troops and police under their control, and recognition of and necessary assistance to the "legitimate" government in Stanleyville.

The security situation in outlying areas of the Congo continues to deteriorate. Missionaries and medical teams from the Red Cross and the World Health Organization (WHO), which include most of the whites left in these districts, report that intimidation by Congolese armed bands is increasing. As a result, the senior WHO official in Leopoldville has told his headquarters in Geneva that work may become impossible in many areas.

**Soviet Moves**

Soviet Foreign Minister Gromyko opened the 21 March Gen-

Referring to the "valuable proposals" made by Ghana's Nkrumah earlier before the assembly, Gromyko endorsed the idea of a commission of African representatives to supervise, in full contact with Gizenga, measures to expel the aggressors, cease foreign intervention, and restore the normal functions of government and parliament. Khrushchev proposed such a scheme in his 22 February letter to Nehru and other heads of government.

Gromyko also renewed the Soviet demand for reorganization of the UN Secretariat, arguing that developments in the Congo and Hammarskjold's conduct in the situation underlined the pressing need for structural changes.

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At the opening session of the test ban conference which resumed in Geneva on 21 March, chief Soviet delegate S. K. Tsarapkin introduced two entirely new issues. Instead of a single administrator for the control system, he proposed a three-member administrative council composed of representatives from the West, the bloc, and neutral states. The USSR last summer had accepted a compromise plan offered by the UK for a neutral administrator and first deputy, plus two deputies each from the West and the bloc.

Tsarapkin justified this reversal by referring to the role of the UN secretary general in the Congo, and claimed a triumvirate was necessary to protect the interests of the three powers against a similar situation. He made it clear that the three-member council would act as a unit, thereby granting the USSR a veto over the operation of the system.

For the first time, the Soviet delegate raised the question of French testing. Following up similar statements by Khrushchev and other Soviet officials prior to the resumption of negotiations, Tsarapkin alleged that the Western powers were prolonging the talks as a device to permit French testing and to obtain a military advantage for NATO over the USSR. He expressed the Soviet Union's "great preoccupation" over French testing and stated that French actions would "reduce to naught" the possibility of agreement and make a treaty "pointless."

He called on the Western powers to draw the appropriate conclusions, and insisted that the communiqué distributed after the meeting include the statement that the Soviet delegate had issued a "serious warning" of the "negative effects" of French testing on the conference. In an interview with the East German news service, Tsarapkin declared, "We cannot permit this state of affairs to continue." However, he did not formally propose that France join the negotiations.

The Soviet delegate opened the first session with a long statement reaffirming the Soviet position on all outstanding issues and blaming the West for failure to reach agreement. He made no effort to comment on the details of the new US-UK proposals but told the press afterward that "at this late stage" there still seemed to be "too many reservations" and "too many ifs" in the American approach. Following the second meeting on 22 March, Tsarapkin told the press that the new American proposals were almost the same as former positions and contained "very little movement."

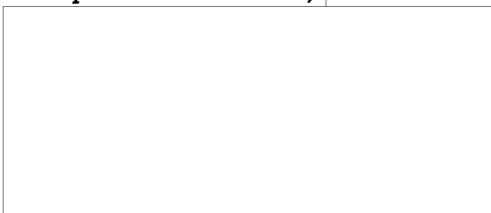
At a background briefing for bloc correspondents on 21 March, Tsarapkin said the USSR would not yield on the number of on-site inspections. He also termed the new Western proposal for East-West parity on the control commission unsatisfactory, since the West could "easily buy off" the additional neutral members.

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Tsarapkin's statements provide further evidence that the USSR is losing interest in a treaty. In view of the Western powers' long-standing opposition to self-inspection and a veto power over the control system's operation, the Soviet leaders are undoubtedly aware that the proposal for a three-member administrative council would be unacceptable. Khrushchev is also fully aware, as a result of his talks with De Gaulle in the spring of 1960, that France is not likely to adhere to a test ban without an over-all destruction of stockpiles. The USSR therefore may be using the French question and the proposal for a tripartite administrative council as a pretext for refusing to conclude an agreement.

The generally negative attitude of the chief Soviet delegate was foreshadowed in the line taken by Khrushchev and other Soviet officials prior to the resumption of the talks. In addition to the Soviet premier's remarks to Ambassador Thompson on 9 March,



Tsarapkin, in a conversation with the Austrian ambassador, was pessimistic over the outcome of the talks. He said reports from Washington were not hopeful, and that no con-

cession could be expected from the Soviet side on the main issues. The Canadian ambassador also received the impression from Tsarapkin that Moscow was indifferent to a treaty.

Soviet officials in Paris followed up Khrushchev's remarks to Ambassador Thompson on the need for French adherence to a treaty. The Soviet minister counselor told an American official that while the USSR was willing to make some concessions at the talks, the question remained of what would happen if an agreement were reached and France continued to test. Soviet officials also are reported to have taken a similar position in talks with the British Embassy in Paris.

Pre-conference propaganda, however, was more reserved. Soviet broadcasts quoted President Kennedy and Ambassador Dean on the "serious and hopeful" US attitude toward the talks and found some ground for "optimism" that these "reassuring" statements would be followed by deeds a mutually acceptable pact. Moscow made it clear, however, that the success of the negotiations depended on a "sensible" approach by all the participants, "particularly the US."

As the talks resumed, Soviet propaganda commentators began to refer increasingly to grounds for concern over the success of the talks. Tsarapkin's opening remarks were widely broadcast, with emphasis on the proposal for a tripartite council and warning of French testing.

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## SOVIET PROPAGANDA TREATMENT OF US GOVERNMENT

A moderate and restrained attitude toward the United States remains a dominant feature of Soviet propaganda despite the recent reappearance of critical comment on current US policies. In the first weeks following the President's inauguration, Soviet spokesmen and propagandists emphasized the prospects for improved relations, and comment on such issues as Laos, the Congo, and Cuba sharply diminished or disappeared.

Moscow's initial criticism of the present administration appeared on 4 and 5 February, after the President's State-of-the-Union message, when Pravda and Izvestia attacked US defense measures. Soviet propaganda did not follow up this criticism, however, and generally restricted itself to objective reporting of American events throughout most of the rest of the month.

Moscow's restraint was most noticeable in mid-February when the harsh Soviet statement on the Congo and Lumumba's death did not mention the United States. At the time the USSR was attacking the interference of the "colonialist powers" in Africa, Izvestia gave front-page treatment to the exchange of telegrams between the President and Khrushchev concerning the Soviet Venus probe.

However Khrushchev's letter of 22 February to Nehru on the Congo contained implied criticism of US policies. In

an obvious reference to an earlier statement by President Kennedy, the Soviet premier warned "statesmen in the West" that a "big stick" policy is "rife with mortal danger for those who pursue it." Although subsequent Soviet commentaries said such a policy "is now prevalent in Washington," they have not quoted Khrushchev.

While Moscow has continued to reserve judgment on the Kennedy administration, its commentaries have become somewhat more critical in the past several weeks. The wait-and-see attitude of Soviet propagandists has given way to impatience. The tone of this criticism is comparatively mild, however, and none of it has been attributed to authoritative sources in Moscow.

Life Abroad, the Soviet weekly which features reprints from Western sources with accompanying Soviet comment, criticized present US policy in a 27 February article entitled "New Tactics, Old Policy." Using an article from Look, the Soviet author repeated earlier criticism of Washington's policies on disarmament, defense, and Eastern Europe. He criticized American policy in Africa as an effort to substitute US monopolists for European imperialists. US policy toward Germany was characterized as shrouded in fog, and policy toward the Far East was described as nothing new.

Following the Moscow telecast of an abridged version of

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American films of the President's 25 January and 1 February press conferences, a Soviet commentary on 1 March took a more optimistic view of the US administration. While conceding that it is too early to pass "categorical judgment" on the administration's foreign policy, the commentator noted that Washington has stressed a desire to avoid a "new heightening of international tension" and has avoided the "crude and noisy abuse" of the Eisenhower administration. He complained, however, that the "substance" of the present administration's policy includes "too few changes."

Still another example of Moscow's cautiously balanced treatment was provided by Soviet press and radio coverage of the President's 1 March press conference. Soviet comment asserted that President Kennedy's statement regarding the US intention to strengthen and increase its armed forces abroad was in "glaring contradiction" to his pronouncements on disarmament and his "assurances about the desire to improve Soviet-American relations." Moscow noted, however, that in stating that the US disarmament policy was not yet formulated, the President "actually disavowed" presidential adviser McCloy's statement on disarmament, which had been assessed as a "call to continue the old Eisenhower policy of refusing to disarm."

Beginning on 8 March, Soviet propaganda became more critical. A widely broadcast commentary declared that the "illusions and hopes for a change" in US foreign policy

are "swiftly melting." The commentator asserted that the deeds of the Kennedy administration permit only the conclusion that the previous policy will not be modified, for in the Congo, Laos, and Cuba, US policy "plainly shows the trademark of John Foster Dulles." Pravda on 13 March characterized the current political atmosphere as similar to March weather dominated by cold winds.

However, Moscow has avoided propaganda exploitation of certain issues which, in the last months of the previous administration, probably would have elicited voluminous reaction. These included the launching of the US Samos II reconnaissance satellite, the second RB-47 incident of 30 January, the press conference of the RB-47 airmen released by Moscow, the appearance of the US Fleet in Congo waters, and statements by US spokesmen referring to Communist expansionist aims and expressing hopes for the freedom of East European peoples. Furthermore, there have been no personal attacks on the President or other US officials.

Soviet propaganda has, since 20 January, provided a fairly accurate reflection of the official Soviet attitude toward the US as revealed in private diplomatic contacts. In talks with American officials, Soviet diplomats have recently become more critical of US policy. They have underscored one of Moscow's main propaganda themes--that the United States has failed to respond to Soviet proposals with new initiatives of its own.

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The Castro regime continues to expand its ties with the Sino-Soviet bloc. At least two Cuban delegations are traveling in the bloc on official missions. One, headed by Transport Minister Camacho, held talks with transport officials in East Germany and Czechoslovakia and then went on to the USSR.

Education Minister Armando Hart left Havana in mid-March with a cultural delegation for a 45-day tour of Czechoslovakia, East Germany, Poland, the Soviet Union, and Communist China. A government-sponsored Cuban ballet troupe is performing in Czechoslovakia following appearances in Communist China, North Korea, and other bloc countries, and in Havana President Dorticos on 16 March inaugurated a pictorial exhibition of Chinese Communist "economic achievements."

The Cuban Navy is to acquire two "destroyers" from the Soviet Union

Extensive training would probably be necessary, since Castro has drastically purged the navy's regular officer corps. Cuba has no destroyers

at present, its largest vessels being in the patrol escort class. The Castro government is known to have been seeking to purchase high-speed coast guard craft since July 1959, and the "destroyers" referred to may actually be coastal patrol vessels.

Rumors persist of imminent Cuban action against the US Naval Base at Guantanamo.

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many Cuban workers at the base are convinced that their government will soon prohibit all Cuban employees from working there. Such a possibility appears remote, however, since the American dollars received by Cuban employees provide Castro with badly needed foreign exchange.

Government military tribunals will deal harshly with the 381 insurgents who the government claims were captured by its forces in the Sierra Escambray area of central Cuba. The trials are expected to begin shortly in Santa Clara, capital of Las Villas Province. There are continuing indications that anti-Castro forces are still operating in the Escambray region, however, as well as in other parts of the island. On 21 March, Cuban officials announced the capture of four Cubans and one American after they had landed in Pinar del Rio Province.

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The announcement on 21 March of the establishment of the anti-Castro "Revolutionary Council," headed by former Premier Jose Miro Cardona, signals the coalescence--at least on an interim basis--of many Cuban exile groups, and their action may presage more vigorous and effective exile activity against Castro.

In the UN General Assembly, Foreign Minister Raul Roa again

is pressing for action on Cuba's charges of US "aggression" and predicting an imminent US-backed invasion of Cuba. Bloc support for the Cuban claims seems assured, and bloc radio transmitters are echoing the Cuban charges. Most Latin American members give little weight to Cuba's anti-US charges. This fact, along with the death of Cuban permanent UN delegate Bisbe on 20 March, may delay a full airing of the Cuban complaint.

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**FRANCE-ALGERIA**

By designating four "ministers" On 19 March to meet with French officials, the Algerian rebels confirmed their intention to open high-level negotiations. Representatives of both sides are meeting in Switzerland this week to make final arrangements for formal talks, now expected to begin in early April at Evian, on the French shore of Lake Geneva.

Each side has made concessions in order to get negotiations started. The French have dropped prior conditions for a formal cease-fire and, for the time being at least, for including in the discussions representatives of Algerian groups other than the Provisional Algerian Government (PAG). The rebels no longer insist on an initial meeting between De Gaulle and PAG premier Ferhat Abbas, and they have dropped their demand that negotiations be held outside of France.

The rebel leaders, however, are said to feel that little progress was made during the

recent secret preliminary talks in resolving key substantive issues. These include sovereignty over the Sahara, terms for French retention of the Mers el-Kebir naval base, and limitations on the activities of the French Army. The rebels want at least a token withdrawal of French troops, and to have the remainder confined to barracks or the larger cities during the self-determination process. The rebels will probably seek to give considerable publicity to the progress of further negotiations in an attempt to keep pressure of world opinion on the French.

The rebel negotiators will be Belkacem Krim, vice premier and foreign minister, and Lakhdar Ben Tobbal, Ahmed Francis, and Mohamed Yazid, respectively the ministers of interior, finance, and information. Press reports state that Krim has been ill and that the delegation may be headed by Francis.

Krim and Ben Tobbal are former rebel military commanders

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who have great influence and popularity among rebel fighting men in Algeria. Generally considered to be among the "hard" faction of the PAG, they are reportedly agreed that a conscientious effort should be made to achieve a negotiated settlement.

Krim is one of the most widely known of the rebel leaders and has a long record as a militant. He has been a vice premier of the PAG since it was founded in 1958, and in 1960 he headed a PAG group that visited Communist China. He has twice led the rebel "delegation" to the UN General Assembly. There are, however, some indications that his power has waned during the past year. Ben Tobbal accompanied Abbas to Moscow and Peiping in the fall of 1960 and is reported to have been impressed with the achievements of the Communist states.

Both Yazid and Francis have long advocated a negotiated settlement, and both are known to share Abbas' moderate outlook. Neither has any contact with the fighting forces of the rebellion, but they are respected within the PAG for their intellect and ability--Francis in financial matters and Yazid as a political adviser. There are reports that Krim and others are distrustful of Yazid's moderate and pro-Western views.

Minister for Algeria Louis Joxe is expected to head the French delegation. De Gaulle reportedly has full confidence that Joxe, a top-level career diplomat before joining the cabinet in July 1959, will deal patiently with the rebels in strict accordance with the President's instructions.

The rebel negotiators will operate under handicaps stemming from the fact that the PAG is a somewhat loose organization with no elaborate ministerial staff and few technical advisers. The French reportedly realize that the PAG representatives may have difficulty making decisions on the complex problems that will arise during negotiations. As talks proceed, moreover, the rebel leaders may become increasingly concerned with internal power struggles in order to ensure their positions in a future Algerian government.

The embassy in Paris notes fairly general satisfaction in France over the prospect of imminent negotiations. Although there have been "sounds of pain" from Georges Bidault and Jacques Soustelle and some abortive demonstrations by rightist rowdies, this "feeble dissidence" is fairly well lost in the prevailing relief that things are moving in the direction of a solution. Public opinion is relaxed even about the probability of Algerian independence, and one official close to De Gaulle feels that the current problem in France is too much optimism and wishful thinking. In Algiers, the US consul general reports a constantly increasing resignation among the Europeans to the evolution of Algeria toward independence.

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The terrorist attacks of mid-March in northwestern Angola were probably organized by members of the Leopoldville-based Angolan People's Union (UPA). They were directed primarily against white officials and plantation owners in an effort to focus world attention on the suppression of the native population of Portuguese Africa.

Initial efforts by Portuguese military forces to repulse the attacks were hampered by torrential rains and the heavily forested terrain. By 20 March, however, forces airlifted from Luanda reportedly had regained control of the area most severely affected by the attacks and were continuing efforts to isolate the terrorist groups. [REDACTED]

Angola, long regarded as the most Portuguese of Lisbon's overseas provinces, has only recently become subject to the political unrest and racial tension characteristic of other colonial areas in Africa. Lisbon has held back these pressures by strict security measures, by denying basic political rights to Europeans and Africans alike, by accelerating immigration from Portugal to change the present 20-to-1 ratio of blacks to whites, and by restricting education for Africans to the elementary level.

Lisbon's economic policy in Angola has been dictated by the political and economic requirements of the metropole, with little regard for the welfare of the province. Economic growth has been slow and uneven, despite an abundance of natural resources. White-settler discontent has developed appreciably during the last decade because of these

policies and also because many local Portuguese have not shared in the spoils of government favor. As African nationalist sentiment increases, however, the white population can be expected to close ranks against the "growing black peril."

Official and popular reaction in Lisbon to the new disturbances in Angola and to the "attack" on Portugal in the UN has been sharply anti-American. The government-controlled press charged that the US, by its vote in favor of a Security Council inquiry into conditions in Angola, was "playing the Russian game." The American Embassy reports great bitterness among all sections of the Portuguese people. Many apparently hold the US responsible for native terrorism by encouraging African pressures for self-termination.

On 22 March a protest demonstration took place outside the American Consulate in Luanda and a consular vehicle was destroyed. Demonstrations have also occurred in Lisbon and Oporto, however, and there have been increased hints in the press that Portugal would review its membership in NATO and request the US to evacuate air bases in the Azores.

Minister of Defense General Botelho Moniz [REDACTED]

[REDACTED] has stated publicly that "notwithstanding our friendships and alliances, we should in all honesty count only on our own efforts; victory will be attained by closing ranks around the national standard and opposing all those who would divide and weaken us." Facing an Afro-Asian demand for General Assembly consideration of Angola, Lisbon can be expected to increase its efforts to shore up its

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international position. Madrid has already declared its solidarity with Portugal.

The embassy in Lisbon reported on 19 March that there were no indications the government had any intention of revising its views on the importance of its African territories or its determination to maintain the Portuguese presence there at all costs, although there have been reports in the press that some reorganizational gestures may be made in both Angola and Mozambique. Public opinion is reported solidly behind the government. Additional troop reinforcements were sent from Lisbon on 19 March.

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## REACTION IN SOUTH AFRICA TO WITHDRAWAL FROM COMMONWEALTH

Prime Minister Verwoerd's decision on 15 March to withdraw from the Commonwealth as of 31 May caught South Africans by surprise but has produced no politically significant reaction against the government. Most Europeans, including even some opposition party members, acknowledge that the prime minister had no choice, in view of the attacks on South Africa's racial policies and conditions for continued membership. Verwoerd has probably been strengthened politically and could expect to win an overwhelming vote of confidence from the all-European electorate, but the government has given no indication that it plans to call parliamentary elections before they are due in 1963.

Attitudes appear divided within the ruling Nationalist party. Verwoerd will receive overwhelming Afrikaner support. The extremist Nationalists--largely from Transvaal Province--are jubilant over "achieving complete independence"; others feign optimism but are concerned over the repercussions. Members of the opposition parties--whose political base is the English-speaking minority, which constitutes 40 percent of the

white population--are dejected and uncertain, and initially were awaiting the reaction in the opposition stronghold of Natal Province before deciding on their tactics. The Natal leaders have adopted a wait-and-see attitude.

In Johannesburg, an anti-Nationalist center, there were demonstrations against Verwoerd on his return from London on 20 March, but these were not impressive either in numbers or organization. The racial disorders between Afrikaners and Africans which accompanied the demonstrations were quickly brought under control. On 21 March police broke up crowds of white and colored demonstrators milling about in Cape Town's main shopping area. Generally, the non-Europeans have shown little interest in South Africa's withdrawal but are believed to welcome the break in the hope that it will force more world attention on their situation.

Prime Minister Macmillan stated on 16 March that Britain intends to continue to cooperate with South Africa in matters of common interest--presumably defense and economic arrangements--and expressed the hope that South

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Africa would return to the Commonwealth in later years. The potential impact of the withdrawal was expected to be greatest in the economic sphere. However, subsequent talks in London have established that the preferential tariff arrangement with the UK would not be affected. Since South Af-

rica will remain in the sterling area, the free flow of capital from Britain is still assured although the sums are likely to continue to drop, having fallen by two thirds from 1958 to 1959, the last year for which statistics are available.

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**SINO-INDONESIAN RELATIONS**

Peiping is hoping that Foreign Minister Chen Yi's week-long visit to Indonesia, to begin on 28 March, will restore cordial relations with Djakarta. Relations were strained in the summer of 1959, when the Indonesian Government banned all alien traders--some 90 percent of whom are Chinese--from operating in rural areas. The Chinese Communists--who once considered Indonesia the non-Communist Asian country most favorably disposed toward their regime--plan to sign a cultural agreement during Chen's stay. Peiping may also have authorized him to restate its offer of a \$30,000,000 credit, extended in 1959 but almost ignored by both sides since relations cooled.

Peiping's relations with Djakarta were at their lowest level in late 1959 and early 1960. During this period the Indonesians went ahead with their campaign against Chinese traders. The Chinese Communists protested bitterly and openly encouraged Overseas Chinese to resist the decree of the Indonesian Government. The Chinese leaders also incensed Djakarta with their arrogant and condescending treatment of the Indonesian foreign minister when he visited Peiping in late 1959.

Peiping, however, became concerned over the harmful effect the dispute was having on its efforts to create an image of neighborliness elsewhere in Asia. Last August it halted

its propaganda attacks on Indonesia, and Sino-Indonesian relations have been gradually improving since then. After prolonged stalling, China agreed last December to put into effect the dual nationality treaty--negotiated in 1955--under which Chinese in Indonesia must declare for either Chinese or Indonesian citizenship within two years. Indonesia has eased its restrictions on Overseas Chinese, and in some areas Chinese merchants have been asked to reopen their stores because Indonesian replacements proved incompetent.

Peiping has almost abandoned the program begun early in 1960 to repatriate Overseas Chinese from Indonesia. Although it intended to bring back 600,000 in 1960, it soon lost interest, primarily because of the task of transportation and resettlement, and only 96,000 were returned last year. Peiping now is advising Overseas Chinese to stay where they are.

Indonesian suspicion of Communist China remains high. An Indonesian Foreign Ministry official recently asked the US Embassy in Djakarta for copies of cultural treaties between Communist China and Asian countries so the Indonesians would have precedents to go by and thus be able to avoid any meaningful agreement with Peiping. Faced with this attitude, the Chinese Communists are not likely to be able to effect a rapprochement on the order of that reached with Burma through the border treaty concluded last fall.

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**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY****RUMANIAN REGIME REORGANIZATION**

The Rumanian Grand National Assembly on 21 March approved the creation of a Council of State to replace the former Presidium of the National Assembly. The president of the 17-member body is party First Secretary Gheorghe Gheorghiu-Dej; in addition there are three vice presidents: newly elected Premier Ion Gheorghe Maurer, newly elected assembly President Stefan Voitec, and former Foreign Minister Avram Bunaciu. The responsibilities of the council are more extensive than those of its predecessor and include, at least formally, the conduct of domestic and foreign affairs.

Paralleling earlier changes in East Germany and Czechoslovakia, Gheorghiu-Dej assumed the post of chief of state while retaining his party leadership. In both roles he has surrounded himself with close associates. Maurer, who replaces Chivu Stoica as premier, and Gheorghe Apostol, appointed first deputy premier, will be the principal executive officer for government affairs. Chivu Stoica, named as one of four party secretaries, will presumably administer the party's political apparatus under Dej, permitting Dej to devote more attention to government policy. This interlocking directorate of close followers of Gheorghiu-Dej, who have worked closely together since the 1930s, maintains firm control of political power.

A simultaneous ministerial reshuffle included the division of the former Ministry of Consumer Goods Industry into the Ministry of Light Industry, headed by Alexandru Sencovici, and the Ministry of Food In-

dustry, headed by former party secretary Janos Fazekas. The Ministry of Metallurgy and Machine Building, now headed by Constantin Tuzu, and the Ministry of Mines and Electric Power, headed by Bujor Almasan, replace the Ministry of Heavy Industry. These moves increase administrative decentralization, as does the approval of a draft law establishing economic regional councils.

Gheorghiu-Dej announced on 5 March that Rumania needs a new constitution to reflect the "profound changes" which have taken place since the present constitution was drafted 12 years ago. Presumably the promulgation of such a constitution would mark the formal transition of Rumania to the status of "socialist republic" as was the case with Czechoslovakia last year. On 21 March the recently elected national assembly, after approving constitutional amendments to cover the government reorganization, established a committee to draft the new constitution.

Rumania has maintained political stability and one of the higher economic growth rates among the European satellites in recent years. Advances in industrialization and in the socialization of the land--83.7 percent of arable land now is socialized--have been continuous. The ambitious economic plan for 1961 is another indication of the regime's confidence and optimism. The completion of the present program is probably viewed by the regime as a prerequisite for the "construction of socialism."

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(Concurred in by ORR)

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**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY****CHURCH-STATE TENSION INCREASING IN POLAND**

Stefan Cardinal Wyszynski, Roman Catholic Primate of Poland, apparently has concluded that the church has nothing to gain by a continuation of his four-year-old policy of quiet, cautious negotiations with the Communist regime. On 18 and 19 March he delivered sermons in Warsaw which marked a decided stiffening of the church's attitude against further compromise with the state.

In sharp contrast to his previous remarks on the church-state relationship, the cardinal expressed complete opposition to the regime's policy toward the church--a policy which he said was designed solely to establish control over the church and undermine its influence. Wyszynski spoke at virtually the same time as Communist party boss Gomulka served notice that he expects the church to conform fully with the demands of the regime.

At issue is the question of whether the church will be permitted to continue to function independently in Poland and to maintain its ties with the Vatican. A legal framework for the church's activities in Poland was painstakingly worked out between the cardinal and the regime in 1950 but was subsequently abrogated by the Communists. In 1956, however, following Poland's successful anti-Stalinist revolution that October, the agreement was revived and extended.

Nevertheless, church-state relations worsened in 1957 and from then on have steadily deteriorated. Following a series

of religious riots in the spring of 1960, the regime withdrew its negotiators from the Mixed Church-State Commission, an organization charged with maintaining a channel for negotiations between the episcopate and the regime. Contacts with the government were maintained through the nine-man group of Znak (National Union of Catholic Activists) deputies in the Sejm (parliament) and through meetings with officials of the State Office for Religious Affairs.

Last September, regime officials, using a combination of threats and cajolery, persuaded the primate to withdraw a pastoral letter strongly condemning regime attacks on the church. They may have offered the prospect of renewed negotiations on outstanding issues. The situation remained outwardly quiet until Christmas Day, when the cardinal caustically chided the regime for its interference in church affairs. His secretary used even stronger terms in a sermon on New Year's Day, but both sermons were ignored by the regime. On 9 January the regime was reminded by Stanislaw Stomma, Znak leader in the Sejm, that the church had presented the government with a list of grievances which he hoped might be redressed, but again there was no response.

While the church was attempting to reopen negotiations at a high level, the regime was stepping up its repressive measures, and in a major offensive it succeeded in largely eliminating the teaching of religion in schools. The party central committee in January approved a

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**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

politburo report on education stressing the need to eliminate the influence of religion. The regime also published a book describing the alleged operation of the Vatican's anti-Polish policy and produced a movie purporting to depict the moral degradation of nuns.

Seeing no signs of imminent reconciliation, Cardinal Wyszynski on 12 January issued an episcopal letter to the 15,000 Polish clerics urging unity in the "extremely difficult" situation. He lashed out at the "painful evidence of apostasy" among priests who had joined the Polish National Catholic Church, warned against "patriotic" and "progressive" priests' movements, and ordered clerics not to accept financial aid from regime-sponsored groups or become involved in any form of politics.

With some amazement, the primate cited regime-inspired rumors which even attempted to blame bishops for the fact that priests were imprisoned, that religion had been removed from public schools, and that the clergy had been forced to bear excessive tax burdens. He warned his clergy to be "ready for the worst" and to sustain at all costs the link between themselves and the faithful.

Having noted in his episcopal letter of 12 January that the church often attracted more support in adversity than in more prosperous times, the primate chose to speak on 18 March --the same day party leader Gomulka officially opened the campaign for parliamentary and local elections, which are scheduled to be held on 16 April.

The cardinal, apparently determined to force the regime to make some response, declared that he would not defend the church against charges of being a rebel. The spirit of man, he said, is an eternal rebel "against all slavery...and... falsehood." Catholics, he said, knew "what it meant to wear chains," as well as "what it means to throw them off." He implied that, if necessary, Polish Catholics would form an underground church.

In the meantime, Gomulka, apparently unaware of the cardinal's decision to force the issues into the open, virtually demanded that the Polish Curia cut its ties with the Vatican and collaborate with the Communists--on the regime's own terms. He denied any wish to fight the church and said there is no persecution, but he blamed the Vatican for attempting to create martyrs by forcing the Polish clergy to adopt a "hostile attitude."

On the following day Wyszynski rebutted Gomulka's assertions in detail and reviewed the accumulated evidence of the regime's desire to break the church's hold on the Polish people. He named 20 state-supported organizations openly devoted to anti-Catholic activities, many of them allegedly aimed at weaning the youth away from religion. He flatly denied Gomulka's charges against the Vatican and, in effect, defied the regime to retaliate against him, implying that any "hostile attitudes" were his own, since as primate he has sole responsibility for church policies in Poland. He prophesied that in a hundred years the church in Poland would remain--no

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**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

matter what political system evolved.

Wyszynski apparently intends to sum up his position in a pastoral letter which reportedly was drafted by an assembly of Polish bishops on 16 and 17 March and is scheduled for reading in all churches on Easter Sunday, two weeks before the national elections. The letter, besides reiterating the church's resolve to fight against regime repressions, apparently considers, at least implicitly, the effects of the cardinal's strong stand on the elections. At their meeting, the bishops are said to have discussed policy toward the elections, but they have yet to issue any instructions to the clergy. In the tense atmosphere of church-state relations, reports persist that the church will pursue a strict policy of noninvolvement.

This formal position is somewhat misleading. The primate's intervention in the political scene, the church's formal hands-off policy, and Gomulka's charges against the church probably will have an adverse effect on the balloting next month.

Larger numbers than expected probably will boycott the polling in protest, while many otherwise apathetic voters may feel impelled to strike the names of favorite regime candidates from the ballots. Even if this occurs, the immediate results will not be catastrophic to the regime, since all the candidates were hand-picked. Nevertheless, the election returns may well provide the regime, and possibly the world, with an accurate gauge of popular opposition.

If antichurch measures are pressed in the course of the campaign, Wyszynski's stated intention not to provoke a crisis and his careful avoidance of advocating direct and immediate political action might be disregarded by the population. During the past year a number of local riots and demonstrations burst out over regime treatment of less important religious matters.

The regime probably will temporize until after the elections.

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**EAST GERMAN PLANNED INDUSTRIAL GROWTH REDUCED FOR 1961**

Plagued by economic difficulties during the past year, the East German regime announced at the end of a recent central committee plenum that the rate of industrial growth for 1961 will be only 7.2 percent--the lowest since 1957. The Seven-Year Plan (1959-65) calls for a 9.4 percent average annual rate, and in 1960 East Germany

achieved a rate of 8.3 percent. In what may be the first step in a general reorientation of resources, the regime also announced that it is dissolving the aircraft industry and diverting its personnel and facilities to other industries.

The adoption of a lower goal for industrial output in

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**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

1961 resulted from difficulties in the metalworking industry, continuing lags in the construction and investment programs, inadequate supplies of high-quality raw materials, and unexpectedly larger losses of manpower through defection. State Planning Committee Chairman Bruno Leuschner told the plenum, "We have no manpower reserves." The East Germans have stated that they intend to concentrate on investment projects already under construction and begin new projects in 1961 only in exceptional cases.

The 1961 target probably can be attained and possibly even surpassed. The shift in plans indicates formal recognition by the regime that the long-term plan goals were set too high. The change probably was discussed in the recent extensive conferences with Soviet officials in Moscow.

Leuschner stated that the entire capacity of the East German aircraft industry was being turned over primarily to industries concerned with automation and the production of labor-saving devices and consumer goods. The aircraft industry has been underemployed for several years. The last significant product was the Soviet IL-14 two-engine piston transport, which went out of production in 1959. Since then, efforts to develop a two-engine and a four-engine turbojet transport have been ineffective.

Some divergence of aircraft production facilities to the manufacture of other engineering products--primarily special machinery, implements for the manufacture of prefabricated building parts, and equip-

ment for the mechanization and automation of industrial installations--has been occurring since 1959.

The East German aircraft industry has never produced at full capacity, having turned out a maximum of 830,000 pounds of airframe weight (42 aircraft) in 1958 and only 670,000 pounds (31 aircraft) in 1959. The output of the entire industry in 1960 was limited to only two unsuccessful prototype B-152s.

The redirection of the industry involves about 20,000 persons, six plants--of which the most important are Plant 801 at Dresden/Klotzsche, Plant 804 at Karl-Marx-Stadt, and Plant 807 at Ludwigsfelde--and a research facility at Dresden.

The decision to abandon plants for aircraft production was taken not only for the gain to the East German economy, which is small, but also probably because of the attitude of the USSR. The East German regime may have felt it would be in a stronger position to ask for the Soviet aid needed to maintain rapid industrial growth and to decrease dependence on imports from the West if it abandoned the inefficient aircraft industry, which itself required Soviet support.

The decision probably was unrelated to the CEMA program for economic specialization, and it goes further than any CEMA measure yet taken. CEMA has been entirely concerned with the assortment of products within industries and has not called for the abandonment of any industry as a whole, however unproductive.

(Prepared by ORR)

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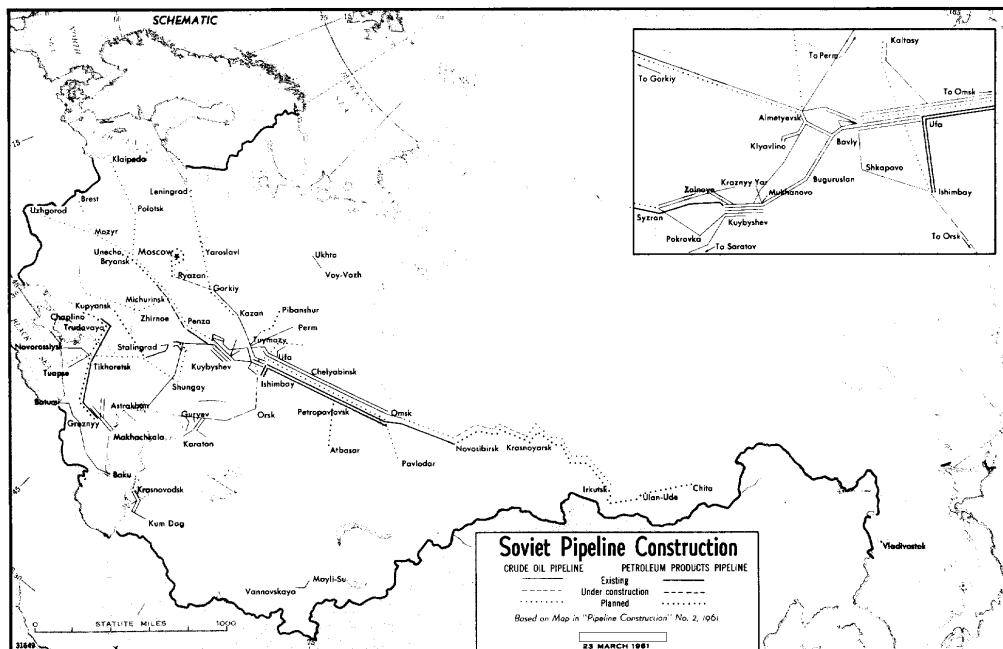
**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY****USSR PETROLEUM PIPELINE CONSTRUCTION**

A map in the Soviet journal Pipeline Construction last month showed details of the USSR's ambitious plans for increasing its petroleum pipeline systems during the remaining years of the Seven-Year Plan (1959-65). According to present schedules, oil pipeline construction is to increase steadily until in 1965 alone it is to exceed that of the entire 1956-60 period. The program for laying gas pipelines during 1961 has been reduced, apparently to release materials and technical support for petroleum pipeline construction.

The high priority given this program is directly related to rapidly expanding domestic production and the USSR's

need for additional foreign exchange and particular types of commodities. With plentiful reserves, the USSR has increased its oil production since 1955 by nearly 110 percent, while domestic consumption has increased by only about 70 percent. Above-plan production and more efficient refining practices are expected to give the USSR an exportable surplus of as much as 75,000,000 metric tons in 1965. Of this, only about a third will be needed within the bloc.

During 1960 Soviet oil was exported to at least 29 nonbloc countries--including India, Guinea, and Cuba for the first time. Soviet competition in world oil markets is increasing steadily.



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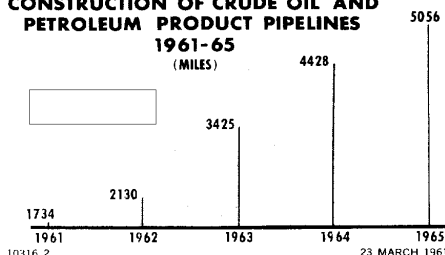
**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

The new pipelines are intended to tap producing areas in the Urals-Volga region, which account for the major share of proved reserves in the Soviet Union. About 80 percent of total production is expected to come from this region by 1965.

Two major pipelines from the Urals-Volga are under construction or planned. The USSR-satellite pipeline system, scheduled for completion in 1964, will connect refineries in Poland, East Germany, Czechoslovakia, and Hungary with the Soviet fields. Construction began in the USSR in early 1961. The line will carry an estimated 13,000,000 metric tons to satellite refineries by 1965. This line will have a branch terminating at Klaipeda and Ventspils on the Baltic Sea; it will carry an estimated 12,000,000 metric tons by 1965 and will handle exports to Western Europe and the Scandinavian countries. Both the main line and the branch will be tied in with refineries in the western USSR.

Plans for a second major oil line intended to serve the Bal-

**CONSTRUCTION OF CRUDE OIL AND PETROLEUM PRODUCT PIPELINES 1961-65 (MILES)**



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tic market through the port of Leningrad were announced recently in Izvestia.

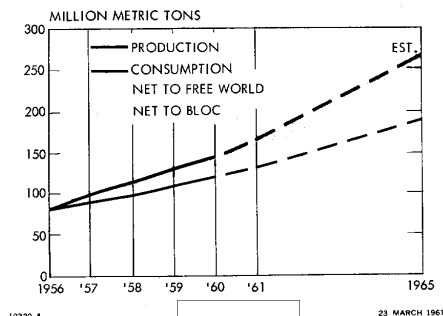
Proposals for a third system to connect Irkutsk with Nakhodka, east of Vladivostok, have been noted in the Soviet press, but construction is dependent on a successful conclusion of the long-drawn-out negotiations with Japan for pipe. The system would connect with the Urals-Volga through the Tuymazy-Irkutsk line, scheduled for completion in 1962, and could be used to supply oil to Japan and other Asian markets, as well as supply local needs in the Soviet Far East.

Although the oil pipeline program has failed to meet any of the annual goals since 1955, a 40-percent increase in construction is slated for 1961. This reflects Soviet optimism about overcoming past problems, particularly the shortage of domestically produced pipe of the required diameters. In recent months the USSR has ordered pipe from Swedish and West German firms. It recently arranged with the Italian oil monopoly, ENI, to barter Soviet oil for 240,000 tons of steel pipe to be delivered over the next four years.

(Prepared by ORR)

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**USSR: CRUDE OIL PRODUCTION, CONSUMPTION, AND AVAILABILITY FOR EXPORT**



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**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY****SOVIET BLOC PARTICIPATION IN INDIA'S THIRD PLAN**

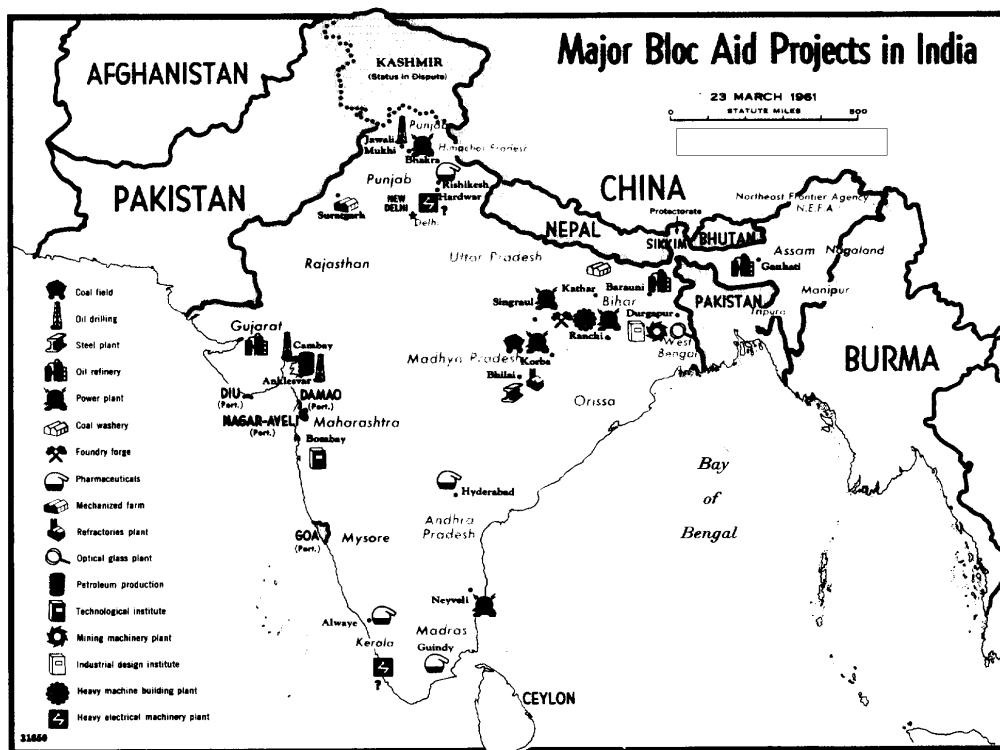
The bloc's participation in India's ambitious economic plans--a role well established during the period of the Second Five-Year Plan (1956-1961)--will expand substantially in the Third Plan period, to begin 1 April. Bloc activity will increase not only because of the additional aid promised but also because projects carried over from the previous plan will be completed. Bloc countries will participate in 26 publicly owned projects throughout India, for which they are already committed to provide about \$775,000,000 in economic and technical assistance.

In addition, the USSR, India's major bloc creditor, has indicated that even more aid will be forthcoming for the Third Plan as well as for subsequent plans. During his recent trip to New Delhi, Soviet Deputy Premier Kosygin stated, "The successful fulfillment of the Soviet Seven-Year Plan will

open up still broader prospects for the expansion of economic cooperation between the USSR and the Republic of India."

In the forthcoming plan, bloc aid will be used to develop coal production, establish a government-owned pharmaceutical industry, and construct precision-instruments and refractories plants. In this plan as in the last, however, bloc activities will be concentrated in the fields of steel, petroleum, heavy machinery, and power. Of total bloc aid committed to India (about \$930,000,000), over 75 percent is being channeled into these four areas. Although bloc aid is small in comparison to India's massive foreign aid requirements, Communist countries are the principal foreign participants in the development of heavy machinery and petroleum industries in the public sector.

Approximately 25 percent of total bloc aid extended to



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**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

India has been allocated for the construction of the large integrated steel plant at Bhilai. In 1955, the Soviet Union initiated its aid program in India with a credit for the construction of this plant which, to date, is the only significant bloc project to have been completed in the country. This modern plant, which now has an annual capacity of 1,000,000 tons, has become an international showpiece of Soviet assistance. Additional credit has been obligated to expand the plant to 2,500,000-ton capacity during the next five years.

The USSR and Rumania have taken a dominant position in the development of a government-owned petroleum industry in India--a high priority in Indian planning. The three refineries to be built with assistance from these countries in the Third Plan period will give the Indian Government its first substantial refining capacity. Construction of two of the refineries is under way in the northeastern states of Assam and Bihar, to process oil from the Assam fields, and another large refinery is planned with Soviet aid for the western state of Gujarat to refine newly discovered resources in that area.

Following successful operations in western India in the last five years, bloc oil exploration activities in India have been given added attention in the Third Plan. Over \$100,000,000 in Soviet credits has been obligated to continue and expand such operations and

to build production facilities --all under the direction of the government Oil and Natural Gas Commission.

By 1966 India plans to be well on its way to establishing a heavy machinery building industry, largely with the help of Czechoslovakia and the USSR. About 20 percent of bloc development credits are being used for projects in this field, including a huge heavy machinery and foundry complex, a mining machinery plant, two heavy electrical machinery plants, and a machine tool plant. These projects, when completed, will make a significant contribution toward India's goal of a diversified industrial economy.

Although minor in terms of total foreign aid, bloc aid to Indian power development schemes in the public sector includes several important thermal and hydroelectric power projects. In addition to the large thermal plant now being built in southern India at Neyveli, the USSR is scheduled to take part in construction of hydroelectric facilities at the Bhakra dam, and to construct thermal electric plants in other northern areas.

The chairman of India's Atomic Energy Commission recently announced that an agreement between India and the USSR on atomic power collaboration would be concluded soon and that it would cover operation of nuclear-powered electric generating stations as well as the mining and production of uranium. (Prepared by ORR)

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**AFGHAN-PAKISTANI BORDER TENSION**

Recent moves by Afghanistan and Pakistan to strengthen their respective positions among the powerful Pushtoon tribes living on both sides of the border indicate that they fear an outbreak of fighting which might

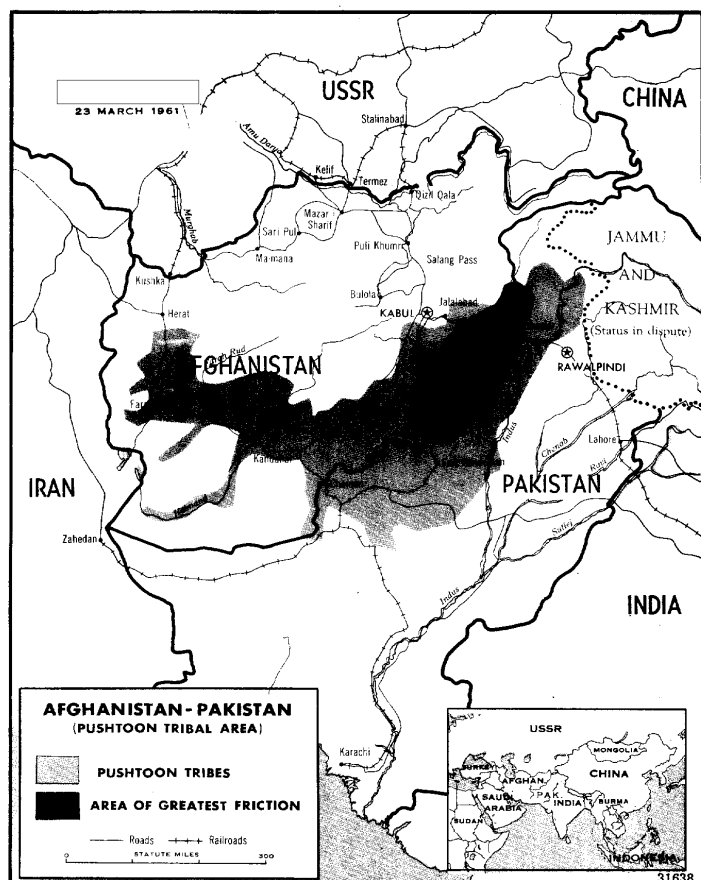
be difficult to confine to any one tribal area.

The Afghans feel compelled to recoup some of the prestige they lost last September when their tribal irregulars were

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**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

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driven back from the Pakistani tribal territory of Bajaur. They have become alarmed at recent moves by the Pakistani Government to consolidate its authority in the Bajaur region, where Afghan influence has been considerable.

In addition, Kabul probably feels that its position in the Pushtoonistan dispute has been further weakened as a result of the recent improvement in Pakistan's relations with the USSR and considers it all the more necessary to make a show of strength.

Kabul has strengthened both its regular and irregular forces along the border. By

early March it had sent two new brigades as reinforcements opposite Bajaur. Several thousand tribal costumes have been manufactured, presumably for use by Afghan "volunteers" who may cross the border, and thousands of rifles have been accumulated for distribution to tribes living in Pakistan but sympathetic to Kabul's Pushtoonistan campaign.

Taking note of the Afghan build-up, Pakistani President Ayub has publicly warned that "if they are so foolish as to cross into our territory, then we shall have to do the needful."

The Pakistani Air Force, using planes supplied under the American military assistance program, has conducted bombing raids against an Afghan-supported tribal leader who has been gathering a tribal force in Bajaur to oppose the Pakistani Government. Although Pakistan is entitled under the aid agreement to use such weapons to maintain internal security, Afghan propaganda has bitterly denounced the United States as "also responsible for the annihilation of Pushtoonistan." Kabul probably hopes to induce the United States to press Pakistani leaders to soften their position in the Pushtoonistan dispute.

The present Afghan build-up is calculated to encourage tribal unrest across the border as well as to prepare for Pakistani retaliation. Kabul fears that a severe defeat at the hands of the Pakistanis, following last September's reverses in Bajaur, might so discredit the present Afghan Government among the Pushtoon tribes as to weaken its hold on the country.

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**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY****FINLAND**

The association of Finland with the European Free Trade Association (EFTA), due to be formalized on 27 March, will help preserve the country's ties with the West and offset the Eastward drift that has taken place in recent years. While three quarters of Finland's trade is with the free world, it depends on the USSR for the bulk of its petroleum and other key imports and for a market for such high-cost items as ships and metal products. The decision of the Outer Seven to include Finland in its tariff grouping reflects the desire of the British and the Swedes to preserve Finland's Western political orientation.

Swedish and British officials have been concerned over Finland's gradual drift toward the East since Urho Kekkonen, the leader of the Agrarian party, became President in 1956. Under the Finnish constitution the President has a large measure of direct participation in the country's foreign relations. Kekkonen reportedly believes that the Soviet bloc is winning the cold war and that Finland has no choice but to adjust to this situation if it is to retain its freedom.

Kekkonen has permitted the USSR to influence the composition of Finnish cabinets. In late 1958, the majority government of Social Democratic Premier Karl August Fagerholm fell because the USSR distrusted its Social Democratic members and refused to negotiate the annual trade agreement. Finland has been ruled by a minority Agrarian government since that time, and Kekkonen has resisted the inclusion of Social Democrats in any of the various efforts to broaden the government. He has also compelled Finland's

military leaders to exchange official visits with their Soviet counterparts, and to acquire at least token amounts of Soviet equipment.

Kekkonen also allowed Finland to become associated with EFTA only after he had visited Moscow in November 1960 and obtained Soviet permission by promising the USSR most-favored-nation treatment in exchange. Although he has not actively promoted Soviet foreign policy objectives such as the formation of a Nordic neutral bloc, the Finnish UN delegation refrains from voting against the USSR in anything it considers a "great-power dispute."

Former President Paasikivi laid down the basic policy, accepted by practically all Finns, of avoiding conflicts with the USSR. Under Kekkonen, the line adopted as a necessity appears to be becoming a virtue in itself.

Kekkonen is seeking to convince the Finnish public that his re-election for the 1962-68 presidential term is indispensable for preserving good relations with the USSR. Izvestia has implied that the effort of the Social Democrats to win multiparty support for their candidate, Olavi Honka, chancellor of justice, is "an extremely dangerous step" which could adversely affect Soviet-Finnish relations.

Kekkonen is also trying to consolidate his position by demonstrating that he enjoys the confidence of the West. He will use his official visits to the United Kingdom in May and to Canada in October to this end, and he may try to obtain an invitation to Washington in connection with the Canadian visit.

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**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY****ITALY**

At the Italian Socialist congress from 15 to 19 March, party leader Pietro Nenni won the approval of only a slim majority for his policy of re-buffering the party's former Communist allies and moving toward cooperation with Premier Fanfani's Christian Democrats. Such cooperation at the national level would greatly strengthen Fanfani's position in parliament but is bitterly opposed by his rightist supporters--the Liberal party and the Christian Democratic right wing--and by the left wing of Nenni's party.

The congress endorsed local alliances with the Christian Democrats such as those formed in the municipal governments of Milan, Genoa, and Florence, however, and the next move may be an attempt at cooperation with them in forming a new Sicilian regional government.

Nenni's speech to the congress was regarded by the Italian press as unusually forthright against the Communists and their allies within his party. As he had expected, however, Nenni won the support of only 56 percent of the congress, a decline from 58 percent in 1959. His policy of detachment from the Communists and support for the Christian Democrats has not yet paid off in any substantial quid pro quo for his party. The Socialist - Christian Democratic partnerships in Milan, Genoa, and Florence were formed too late to help Nenni's supporters with patronage and prestige.

His faction--virtually without funds in the face of Com-

munist subsidies to the Socialist left wing--lost two seats on the 81-man central committee and now holds 45; the left wingers are pressing for representation on the 15-man executive body, which has been composed solely of Nenni's men.

While thus strengthening the left wing, the congress nevertheless turned down its appeal for a return to the old Communist alliance. The Christian Democratic press organ, Popolo, notes that although the final resolution defines Socialist autonomy as "absolute independence toward the aims of Western and Eastern power blocs," Nenni nevertheless "expressed greater faith in Kennedy than in Khrushchev."

The next move toward cooperation between the Socialists and Christian Democrats may come in Sicily, where the regional government has just resigned. This government, which included both Christian Democrats and neo-Fascists, has been called "inadmissible" by Christian Democratic party secretary Moro. Nenni stated confidently beforehand that he felt the congress would make "a good platform to build on"; he hoped it would "be possible to keep prospects open for collaboration with the Christian Democrats at the national level, supported by the bulk of both parties, after the next general elections" scheduled for 1953.

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**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY****MOSCOW CLOSES IN ON REMNANTS OF RURAL INDEPENDENCE**

Along with the high-pressure campaign to stir Soviet agriculture out of its chronic production doldrums, Moscow is pushing toward its longer range goal of urbanizing the countryside and obliterating the political, economic, and social differences between peasant and city wage-earner.

Since January, when lagging agricultural production was heavily scored before the party central committee, Moscow has announced a series of reforms designed to react immediately on farm output. At the same time it has introduced new policies which give added shape to a broad program looking to the eventual transformation of the collective farm system.

It is an article of Communist faith--one which is to be inscribed in the new party program now in preparation--as well as a logical postulate of a centrally planned economic system that the cooperatively organized collective farm (kolkhoz), with its remnants of private property, must give way to a "higher" form--something resembling the government-controlled state farm (sovkhoz).

The Soviet Government has, however, long recognized the political and economic perils of a frontal assault on this problem and, under the peasant-born Khrushchev, has elaborated a policy intended instead to erode the economic foundations of the collective farm and the collective farmers' private property. The outcome of the tug of war may be uncertain, but it is clear that in the face of its perennial agricultural problem the Kremlin is determined to maintain its cautious but persistent drive.

**Transformation of the Kolkhoz**

Ever since 1950, when Stalin gave Khrushchev the top-level responsibility for agricultural policy, the collective farm has been under constant pressure from the center--sometimes hard, sometimes soft. Within three years Khrushchev had carried out a ruthless policy of amalgamation which reduced the number of collective farms from about 250,000 to about 90,000. However, he failed to put through a scheme aimed at consolidating scattered collective farm villages into "agrorods" (agricultural cities) which would approximate urban settlements and virtually eliminate the traditional peasant household with its private plot and livestock holdings.

Since taking power in his own right, Khrushchev has continued the policy of reducing the number of collectives by amalgamating them or converting them into state farms. Both methods offer the promise of stricter government control. By the beginning of 1960 the number had shrunk to 54,600, and combined sown acreage has declined nearly one quarter since 1955. During the same period, the total sown acreage of state farms more than doubled, partly because they have been made the predominant form in the New Lands of Siberia and Kazakhstan, and partly because of their absorption of collective farms.

Many of the collective farms affected were "weak"; i.e., economically unviable and in need of direct government subsidy. The remainder--"truck farming" kolkhozes near large cities--were converted into sovkhozes for the explicit purpose of giving the government tighter control over the needs of urban consumers.

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Although the conversion process was continued and possibly even stepped up last year, statements by Soviet officials, including Khrushchev, indicate that a policy of wholesale conversion has been rejected in favor of a many-sided, gradualist approach.

Change From Within

The Kremlin is banking on its ability to change the collective farm system through a combination of pressures and economic inducements calculated to undermine its cooperative structure and to draw the peasant away from his private farming plot. The regime's organizational objective with regard to the collectives is to strengthen the communal sector at the expense of the private sector, primarily through devices designed to render private undertakings progressively less attractive.

This policy has been reflected in efforts to persuade collective farms to increase the share of collective farm income consigned to the "indivisible fund"--that part of the collective farms' resources not subject to distribution among its members. The Collective Farm Statutes have been amended "to allow" individual collective farms to establish their own limits for additions to the indivisible funds, previously set at a minimum of 10 percent and a maximum of 20 percent of the farm's annual income. Several collective farms have, according to the Soviet press, "decided" to increase such allocations to 25-30 percent.

It is apparently envisioned that an enlargement of the collective farm's communal

assets will enable more and more farms to convert to a system of regular money wage payments, already in use in some farms, as a substitute for the prevailing "labor-day" system. Under this system each farmer receives a share of the kolkhoz income rather than a fixed wage. It has given him an uncertain economic outlook and has reinforced his inclination to concentrate his efforts on his private household economy. But, even in the sovkhozes, where wage payments have always been in effect, the pull of the private plot has remained strong.

Rural Private Enterprise

The Kremlin's "go-slow" policy is governed by experience. In the early 1930s, peasants slaughtered their livestock on the spot rather than submit to forcible socialization. However, economic necessity is an equally important factor. The Soviet press and radio frequently reveal Moscow's frustration with the peasant's persistent evasion of his communal obligations in favor of his private operations.

A typical broadcast recently thundered against a certain Siberian kolkhoz: "Each kolkhoz member...has a private plot of land with an area of 0.75 hectare (1.85 acres). Most of them also own at least two--and, in some instances, even three--head of cattle, plus several hogs. Hay for cattle is being procured for private use from land owned by the kolkhoz. The majority of the 240 able-bodied members spend more time caring for their cattle and cultivating their land than in kolkhoz activities. Most are not earning even the minimum required "labor-days." Kolkhoz vehicles are being used

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for the transportation of produce grown on privately owned land.

With all the propaganda tirades and the decrees and recommendations issued from the Kremlin, however, the private sector continues to occupy a key place in the agricultural picture from which it can be removed only at the risk of serious economic dislocation. According to official Soviet statistics for 1959--similar figures for 1960 have not been published--private economies accounted for 51 percent of the USSR's total milk output, 51 percent of the meat and lard yields, and 82 percent of egg production. In that year, 52 percent of all cows were privately owned.

The tenacity of old habits in the countryside is even more clearly illustrated by the behavior of state farm workers, who are theoretically totally subject to government control.

By a party decree of December 1958 these workers were instructed to divest themselves completely, within two to three years, of their private livestock holdings. Yet at the end of 1960 an authoritative party journal was obliged to declare: "The number of cows owned by sovkhos workers comprises about 60 percent of the sovkhos herd, and in many sovkhoses considerably more. For example, in Sursky Sovkhos, Penza Oblast, there are 847 head, while the sovkhos workers have 1,400; in the Mingachaursky Sovkhos, Azerbaydzhan Republic, there are 199 cows and heifers, while the workers and employees of this sovkhos have 425 head."

**The Kremlin's Dilemma**

Moscow seems to realize that it faces a formidable task in rooting out these attitudes. It has repeatedly proclaimed that persuasion and economic incentive are the only suitable instruments for remolding the collective farm system and the Soviet peasant.

Khrushchev has, on the one hand, consistently called for reinforcement of the collective farm's communal sector, and he has tried to instruct collective farmers in the economic advantage of communal labor as against the benefits of their private economies. On the other hand, he has condemned the attempts of overzealous officials to intimidate the peasant into selling his privately owned livestock and to otherwise force the pace of change.

It is recognized that the collective farm system cannot now be abolished at one stroke. The private plot itself was described in a recent issue of an authoritative economic journal as inevitable at the present stage: "Any premature curtailment of the private auxiliary farm of the kolkhoz worker will not benefit the building of Communism."

**The Encirclement Continues**

In the last analysis, however, Khrushchev and his top lieutenants will decide what is premature and what is timely. Despite criticisms of undue haste and coercion on the part of subordinate officials, there are indications in recent developments that the Kremlin is going ahead with its efforts to transform the peasant and his rural environment.

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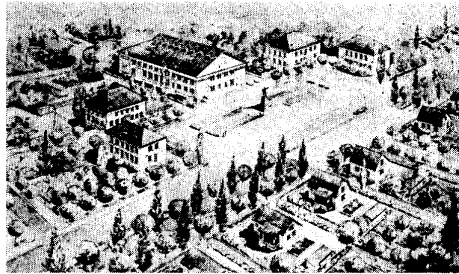
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One of these indications is the revival of the agrogorod plan. Although Khrushchev has continued in recent years to plump for the reconstruction and consolidation of farm villages, the term agrogorod, with its controversial implications, had lain dormant since 1951. Now it is appearing again regularly in the Soviet press, and the creation in the vicinity of Moscow of the first full-scale agrogorod has been announced.

Reports from many other parts of the Soviet Union describe plans, most of which seem to be only in the project stage, to erect similar "urban-type settlements" in the countryside. According to these plans, farm workers are to be housed in centrally located, multi-story dwellings, grouped around communal facilities (such as club houses, kindergartens, and dining halls), all together to create a "compact settlement with minimal private plots."

Another indirect threat to the peasant's private sector is carried in a joint party-government decree of 25 February, which calls on consumer cooperatives to play a bigger role in the distribution of farm products. The Union of Consumers' Cooperatives, a government-controlled trade system, is instructed by the decree to step up its purchase of collective farm surpluses from both the communal and private plots, with the latter probably the main target.

The obvious intent is to give the state a new economic lever against the peasant and a device for undermining the collective farm market. This institution, which enables collective farmers to trade their goods on the basis of local



Plan for central square of a reconstructed village. Central building is to be the club; flanking buildings are to house collective farm offices.

supply and demand, has long been a necessary adjunct to the private plot, with a turnover in 1960 of about 40 billion rubles. The consumer cooperative trade network is instructed by the decree to improve its competitive position versus the collective farm market, primarily by expanding its procurement and distribution facilities and by increased financial inducements.

In most instances the cooperative network will probably try to undercut, rather than supplant, the collective farm market, although in one major agricultural area, Krasnodar Kray, a so-called Cooperative Market has been set up on the premises of the former collective farm market.

The peasant, with his great capacity for passive resistance and sly circumvention of Moscow's design, will undoubtedly recognize these measures for what they are--a threat to his cherished private economy. The government, no less obstinately, will nevertheless continue its effort, through a blend of persuasion and economic pressure, to "elevate" him from his present state to the level of a rural proletarian. The record of recent years suggests that, as of now, the state is holding most of the good cards.

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